

February 13, 2003



Dear Chairman Powell:

CC: Christopher Libertelli

I understand that one of the Commission's goals in the UNE proceeding is to give the incumbents an incentive to invest in next generation facilities. We agree with that goal, and we presented a means for achieving this goal in our meetings with the Commission on January 17, 2003.

In this regard, we understand that there is some sympathy in the Commission for our proposals to accelerate fiber to the home ("FTTH"). Apparently, there is a consensus within the Commission for relieving FTTH from the unbundling and wholesale pricing rules in new builds and overbuilds. We understand, however, that you are struggling with the issue of how to deal with the existing copper loop in overbuild situations.

We believe this is a critical issue because it will have a profound effect on the rate of FTTH deployment. For example, if FTTH deployment is restricted to "new builds", we can expect only 1 - 2% of the access lines to be converted to next generation technology annually. This will simply be an insufficient volume to sustain the development of a FTTH industry. At this slow pace, it will take at least 50 years to achieve universal deployment.

On the other hand, if overbuilds are included in the equation, the rate of deployment will increase to 3 - 5% access lines annually. This will sustain the industry and achieve a reasonable pace of deployment.

So, the key is giving the ILECs an incentive to deploy in overbuild situations while not disadvantaging the CLECs that are using the existing copper loops. But a more fundamental issue is how to deal with the copper facilities that are used now but will, in time, become either obsolete or inadequate for higher capacity services and applications.

One way this may be achieved in the current environment and still promote FTTH deployment, is by relieving FTTH from the unbundling and wholesale pricing rules in overbuild situations, while still maintaining the copper loop where it is still being used by CLECs. Also, requiring the incumbents to keep the existing copper loop "connected" to customers served by fiber in the loop and do not require the ILEC to incur relief and rehabilitation expenses until such time as the CLEC requests access.

This approach would give the CLEC's access, but not require the incumbents to incur needless expenses to maintain the copper loop unless a CLEC needs it. It seems to us that sound public policy would not require ILECs to incur expenses to maintain facilities that would, in all likelihood, never be used again by the vast majority of consumers.

Please see the attached proposed rule.

Thank you for your consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. DiMauro".

Michael DiMauro
President, Board of Directors

A handwritten signature in black ink, appearing to read "James Salter".

James Salter
Past President, Board of Directors